

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Beneficiary Choices  
7500 Security Boulevard, Mail Stop C4-23-07  
Baltimore, Maryland 21244-1850



**DIVISION OF ENROLLMENT AND PAYMENT OPERATIONS**

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**DATE:** February 23, 2005

**TO:** All Managed Care Organizations and Demonstrations

**FROM:** Marla K. Kilbourne  
Director

**SUBJECT:** February 1, 2005 Payment Issues – Status as of March 1 Payment

This is a follow-up to our letter dated January 27, 2005, from Cynthia Moreno regarding the irregularities which may have affected your February 1 membership or total net payment. For the most part the irregularities and errors reported at that time have been corrected in the system and adjusted in your March 1, 2005 payment. The status of each item is updated below for your convenience. In addition, the manual adjustments that were made in the February Plan Payment Letter for some organizations have been reversed in your March Plan Payment Letter because the member level clean ups have occurred and corrected your payment.

**January Transactions not Processed by MMCS - Corrected**

Approximately 300,000 transactions that were processed in the Group Health Plan (GHP) in the January 2005 payment were not processed in the January 2005 transition to MMCS. As a result, these beneficiaries may not have been accounted for in your February membership. These adjustments were processed by MMCS and are now correctly shown in your plan as of the March 1 payment. Please verify your membership on the March reports, where these corrections should now be shown.

**Nursing Home Certifiable – Not Corrected**

There were a total of 64 plans with incorrect nursing home certifiable (NHC) indicators on their current or adjusted membership. Additionally, some Medicare Advantage plans received prior month adjustments for NHC. These were not corrected in the March payment. The correction is scheduled for the April 1 payment and appropriate adjustments will be made at that time. We apologize for the delay.

**ESRD – Corrected**

MMCS previously did not correctly calculate the ESRD payment (mostly affecting the post graft beneficiaries) using the revised 2005 payment methodology. The ESRD payments have been corrected at the beneficiary level in MMCS and the payment

adjustments are included in the March 1 payment. There is an additional change to the ESRD calculation that needs to be added for some post graft beneficiaries (about 2300 beneficiaries system wide) that will be added in the next two months.

**Retroactive Medicaid Status - Corrected**

MMCS did not correctly collect funds associated with prior month Medicaid-Off transactions. This was corrected in the March 1 payment, and the appropriate payment adjustments were made.

**Medicaid Status of Beneficiaries - Corrected**

Plan submitted Medicaid status was being turned off erroneously. This error has been corrected. New Medicaid-On transactions being submitted should process correctly at this time.

**Cost Plan Enrollment Adjustments – Corrected**

Enrollment adjustments were reflected on your Plan Payment Letter as positive amounts in all cases rather than negative amounts when appropriate. These were corrected in the March payment.

**Plan Payment Report – Monthly Membership Summary Report Differences - Corrected**

The Monthly Membership Summary Report from MMCS properly reflects both Part A and Part B adjustments related to Correction of Part A or Part B entitlement.

The Monthly Membership Summary Report adjustment lines did not include the effect of the BIPA 606 benefit but the Plan Payment Report did. These errors were corrected in the March reports.

In addition to the above, there are some issues being reported that reflect changes to the Transaction Reply Reports, i.e., source code of changes, dates of death and disenrollment. We are reviewing the submitted issues and concerns and will be sending a separate communication to you on the Transaction Reply Report in the very near future.

Again, we apologize for the inconvenience and thank you for your continued patience while we resolve these systems transition issues. If you have any questions or concerns please feel free to contact the Health Insurance Specialist assigned to your region. For your convenience a list of representatives, by region, is attached.

Attachment

cc: Ms. Cynthia Moreno, CMS  
Ms. Patricia Smith, CMS  
RO HMO Coordinators